

Fiscal Digest

Financial Management Service—Austin Financial Center

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AFC Holds 1st CAB Meeting

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The Financial Management Service (FMS), Austin Financial Center (AFC) held its first Customer Advisory Board (CAB) Meeting. The CAB was held on March 29th and 30th in **San Antonio, TX** on the world famous Riverwalk. Over 30 personnel representing 19 different agencies and bureaus were present.

The Austin Financial Center (AFC) is committed to improving our customer service and customer communications. The CAB was created to provide an executive level forum for shared knowledge and best practices to meet the many demands of our end-customers and payment recipients. The CAB promotes teamwork, communication and coordinated efforts in program planning and product development.

The purpose of the CAB is to:

- Provide ongoing customer feedback on services, regulations, policies and procedures;
- Evaluate current products and services;
- Identify new/alternative services and products;
- Determine areas, products, or services that may need to be changed and/or improved
- Serve as an issues forum for agencies;
- Determine customer priorities and needs.
- Provide guest speakers to share new ideas in management practices.

Topics at the CAB included but were not limited to: SPS (Secure Payment System), Disaster Recovery Plan, IPP (Internet Payment Platform) and Agency Relationship Management. Additionally, the Austin Financial Services Center within the Veterans Affairs presented their Document Management System.

We feel the CAB is instrumental in our goal to provide outstanding customer service and we hope you will agree. If you have any comments or suggestions for the CAB or would like more information on any of the products or services discussed in this newsletter, please contact Eric Swain at 512-342-7300 or email him at afc.help@fms.treas.gov.



Progress of EFT



Electronic Funds Transfer (EFT) provides for electronic payments and collections. In 2003, about 78 percent of federal benefit recipients received their payments electronically via direct deposit, a form of EFT. While this is considerable more than the 1996 rate of 56 percent, the conversion rate has recently slowed to less than 1 percent a year. The remaining 22 percent of this benefit population receives check payments. This accounts for approximately 170 million checks, printed and mailed every year. It is estimated that converting these checks to electronic payments would save the U.S. Treasury and American taxpayers, more than \$100 million each year.

Converting nearly 170 million federal benefit check payments to direct deposit will require overcoming a number of barriers. A recent study of Social Security benefit recipients by Wirthlin Worldwide, a research based consulting firm, found the following four generic categories:

- Informational—those who do not understand how direct deposit works;
- Emotional—those who just prefer to receive checks;
- Inertia—those who are receptive to electronic payments, but need to be motivated to sign up; and
- Mechanical—those who do not have bank accounts and in some cases do not want bank accounts.

With the barriers to migrating federal benefit check recipients to direct deposit, about a third are inclined to do so while another eleven percent are neutral toward direct deposit; representing a potential conversion opportunity.

Here are some numbers on electronic and check payments:

Governmentwide Treasury-Disbursed Funds	February 2004		February 2005	
	Total Volume	%EFT	Total Volume	%EFT
Salary Payments	4,338,099	98.2%	4,436,792	98.8%
Benefit Payments	61,679,833	78.2%	62,786,358	78.8%
Vendor Payments	1,189,265	57.2%	935,816	75.7%
Miscellaneous Payments	953,524	67.5%	1,344,820	55.5%
Tax Refund Payments	28,273,173	79.3%	29,295,283	82.2%
Total	96,433,894	79.0%	98,799,069	80.4%
Total Non-Tax	68,160,721	78.9%	69,503,786	79.6%

SPS Update!

SPS provides a mechanism by which government agencies can create payment schedules in a secure fashion. Since June 7, 2004, AFC has installed SPS at 7 of its customer agencies. The official rollout began April 2005 and most agencies will be completed by the end of 2005. If you have any questions about SPS, please contact Wally Ingram at 512-342-7359.



Pre-Sort Equipment to Save Government \$\$

Pay.gov is a Government-wide transaction portal managed by FMS. The portal offers a suite of electronic financial services to assist federal agencies.

FMS developed Pay.gov to support the business needs of federal agencies. Pay.gov provides:

- New electronic methods to facilitate the ability of agencies to conduct transactions online.
- Assistance to agencies in converting forms into documents that can be accepted electronically and provide means by which agency bills may be presented electronically.
- Real-time Identification Verification services to facilitate forms acceptance, direct billing, and collections.
- Reports to agencies about these automated transactions. Pay.gov assists agencies in integrating the reports into their systems.

Austin Financial Center (AFC) disburses about 175 million payments per year, of which approximately 2.8 million payments are cancelled annually.

AFC currently mails reports to agencies that include a list of these cancelled payments. This data is used by agencies to update individual payment files and to properly report financial activity to FMS on a monthly basis. AFC is looking to reduce paper and streamline this reporting process by providing its customer agencies with payment cancellation information on the Internet.

It currently takes seven days to process and deliver paper cancellation reports through the U.S. mail. Data sent through Pay.gov will be available to agencies the next business day on the Internet.

AFC is on schedule for rollout in late spring of 2005. If you would like more information about Pay.gov, please contact Adriana Peña at 512-342-7354.

The Austin Financial Center recently installed a pre-sort equipment at its facility. The equipment will pre-sort mail based on zip codes which will enable Treasury/FMS to receive a discount on mailings from the United States Postal Service.

Before this machine, large payment files were pre-sorted prior to printing which lowered the postage. However, smaller files were being printed everyday and mailed without the pre-sort discount. Now, the checks from these payment files will receive a similar postage discount.

The Philadelphia Financial Center was the first regional center within FMS to install the pre-sort equipment.

The expected ROI (Return on Investment) is 11 months. Actual savings from this process will be realized by the Federal agencies currently paying for their own postage. Other savings will be realized by the Federal Government in general.

"You can gain strength , courage, and confidence by every experience in which you really stop to look fear in the face...You must do the thing which you think you cannot do."

-Eleanor Roosevelt

Financial Management Service—Austin

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Our Success is Measured by
the Success of Those We Serve.

About the Financial Management Service

FMS Overview

Function: Acting as the U.S. government's money manager, FMS provides centralized payment, collection, and reporting services for the government.

- Staffed by approximately 2,100 career civil servants;
- Oversees the daily cash flow of nearly \$50 billion into and out of federal accounts;
- Disburses more than \$1.7 trillion to more than 100 million individuals;
- Collects more than \$2.2 trillion per year in payments to the government;
- Provides cash management guidance to federal program agencies;
- Serves as the government's central debt collection agency; and
- Collects more than \$3 billion per year in delinquent debts owed to the federal government.

Our Mission

The mission of FMS is to provide central payment services to federal program agencies, operate the federal government's collections and deposit systems, provide government-wide accounting and reporting services, and manage the collection of delinquent debt. The bureau also supports federal agencies' financial management improvement efforts in the areas of education, consulting, and accounting operations through a franchise fund business.

Our Services

Disbursing Federal Payments: FMS is the primary disburser of payments to individuals and businesses on behalf of federal agencies (e.g., benefit payments paid by the Social Security Administration or the Department of Veterans Affairs; federal income tax refund payments; and payments to businesses for goods and services provided to the federal government).

Collecting Federal Revenue: FMS administers the world's largest government funds collections systems through a network of more than 10,000 financial institutions. Each year the bureau collects \$2.2 trillion in federal revenues. Using cutting-edge technology, FMS has taken a leadership role in providing federal agencies, individuals, businesses, tax practitioners, and financial institutions with a wide variety of electronic collection alternatives.

Issuing Government-wide Financial Reports: FMS has the critical responsibility of maintaining the federal government's set of accounts and serving as the repository of information about the financial position of the United States government. The bureau closely monitors the government's monetary assets and liabilities at all times through its oversight of central accounting and reporting systems.

Collecting Delinquent Debts: FMS collects more than \$3 billion in delinquent debts (e.g. federal student, mortgage, or small business loans, federal salary or benefit overpayments, fines or penalties assessed by federal agencies) owed to the United States government, as well as income tax debts owed to states and overdue child support payments owed to custodial parents.

Supporting Federal Agencies' Financial Improvement Efforts: FMS, by taking an entrepreneurial approach, supports the financial improvement efforts of federal agencies. Over the last five years, through course offerings, conferences, and workshops, FMS has trained thousands of federal agency representatives in a myriad of financial management areas.

Our Partnerships

Federal Agencies: Due to the very unique government-wide mission of FMS, the bureau interacts and forges partnerships with virtually every Executive Branch agency. On a regular basis, FMS also conducts workshops and conferences for agency representatives to assist them with all aspects of government financial management, including cash management, government-wide accounting and reporting and debt management.

Financial Institutions: Financial institutions are key partners of Treasury and FMS. They provide various critical services in their capacity as depositories and financial agents of the United States as designated by the Secretary of the Treasury.

Federal Reserve Banks: Federal Reserve Banks act as fiscal agents and depositories. For example, the banks maintain the Treasury's account, accept deposits of federal taxes and other federal agency receipts, and process checks and electronic payments drawn on Treasury's account.